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AZ CORP COMMISSION
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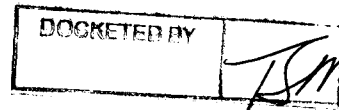
BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP, CHAIRMAN
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

Arizona Corporation Commission

DOCKETED

MAR 29 2013



IN THE MATTER OF THE
APPLICATION OF TUCSON ELECTRIC
POWER COMPANY FOR THE
ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON
THE FAIR VALUE OF ITS OPERATIONS
THROUGHOUT THE STATE OF
ARIZONA.

Docket No. E-01933A-12-0291

**SOUTHEAST ENERGY
EFFICIENCY PROJECT REPLY
BRIEF**

The Southwest Energy Efficiency Project (SWEET) submits this reply brief to focus on claims that the proposed significant increase in the residential monthly basic service charge is somehow consistent with the principle of gradualism.

For the vast majority of residential customers, the increase in the monthly basic service charge will be greater than 40% (e.g., a \$3 per month increase, from \$7 to \$10 per month for R-01 customers). This increase is certainly not consistent with the important principle of gradualism, as it results in a significant additional cost for residential customers, and an increased fixed charge that customers cannot avoid, reduce, or mitigate. The increase in the fixed charge will limit the ability of customers to reduce

1 their utility bills. SWEEP maintains that higher basic service charges are not in the
2 public interest and are not in the interest of customers. *See* SWEEP Initial Opening Brief.

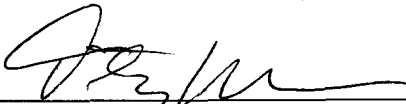
3 In the event the Commission approves the rate increase proposed in the Settlement
4 Agreement, customers will have a reduced ability to mitigate the overall rate increase. In
5 fact, customers will experience the additional charge of \$3 per month and \$36 per year as
6 the major effect of the rate increase – as the \$3 per month increase in the fixed charge is
7 slightly higher than the estimated overall rate increase for residential customers. And
8 there will be nothing they can do about it. While SWEEP acknowledges that customers
9 may be able to reduce their energy use and therefore the costs of other portions of their
10 utility bill, customers will still be directly experiencing the fixed charge increase of \$3
11 per month. Staff Opening Brief at 23. Specifically, customers who reduce their utility
12 bills by increasing energy efficiency will still have to pay the entire \$3 per month
13 increase in the basic service charge – because there is no way for customers to reduce or
mitigate this rate increase.

14 An increased charge of \$3 a month is still \$3 a month, and in this case it is an
15 increase in a fixed charge than cannot be avoided, reduced, or mitigated. A rate increase
16 in the volumetric portion of the bill would at least provide customers with an opportunity
17 to take action to mitigate or offset the effect of the rate increase.

18 There is no “misunderstanding of gradualism” on the part of SWEEP. *Id.* at 22.
19 An increase of \$3 per month (an increase of over 40%) in a charge that customers cannot
20 avoid or reduce, no matter what actions they take, is not “gradual.” While the total bill
21 increase may be “modest,” the increase in the portion of the bill that is fixed, which
22 residential customers cannot avoid or mitigate through their actions, remains an increase
23 of \$3 in a fixed charge, and an increase of over 40% in this fixed charge portion of the
24 utility bill. *Id.* at 23.
25

1 RESPECTFULLY SUBMITTED this 29th day of March, 2013.

2 ARIZONA CENTER FOR LAW IN
3 THE PUBLIC INTEREST

4 By 

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10 ORIGINAL and 13 COPIES of
11 the foregoing filed this 29th day
12 of March, 2013, with:

13 Docketing Supervisor
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18 COPIES of the foregoing
19 Electronically mailed this
20 29th day of March, 2013 to:

21 All Parties of Record

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